

PROCEDURE REFERENCE : FmHA Instruction 1965-E.

PURPOSE : Guide letter to tell tenants that prepayment will be accepted.

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UNITED STATES DEPARTMENT OF AGRICULTURE  
FARMERS HOME ADMINISTRATION  
(Location)

TO: Tenants of (a: Name of Project):

This is a follow-up to our letter of (b). FmHA has reviewed the information concerning your landlord's request to pay off the loan on (a: project name) and will be accepting the payment on (c: date). The rent for your apartment will (d: become/remains \$ ) on (e: date). Farmers Home Administration (FmHA) will not pay any part of this new rent.

FmHA decided we could accept the payoff because:

(f: The local housing market will not allow rents to increase/there are many empty apartments similar to yours in quality, size, location, and rent in (name of community)/ the owner is legally agreeing to rent the apartments to (type of tenant/applicant for housing) until \_\_\_\_\_ and calculate the rents the same way they are now until that time/ any other justification being used.)

You may see all the information FmHA used to make this decision.

(g: If restrictive-use provisions apply): The owner has legally agreed to continue to rent to (very-low-/low-/ moderate-income tenants/ tenants and those wanting to move here). Rents cannot be higher than what the Government says you can afford, and will be calculated the same way as they are now, until \_\_\_\_\_ even if the project is sold to someone else and the Government stops making payments to reduce your rent. The owner also cannot change any conditions or any charges, so that the project would no longer be a suitable place for you to live. Any tenant (if applicable: or anyone who wants to move to the project), as well as the Government, may pursue legal enforcement of this agreement. In order to comply with the agreement, the owner will continue to certify your income every year. You will receive a second letter after the prepayment is accepted explaining what protections you have.

(h: If total Section 8 or other subsidy): Part of your rent will continue to be paid by \_\_\_\_\_. However, even if \_\_\_\_\_ stops making these payments, the owner will have to continue to calculate your rent the same way it is calculated now until (end of restrictive-use period).

If you decide to remain in your apartment after rents go up, the owner cannot evict you without good cause, whether you or someone else is paying the rent.

The attachment to this letter tells you what you can do after this mortgage is paid off.

(i: Any other relevant information).

If you have any questions please contact:

\_\_\_\_\_  
Servicing Official

\_\_\_\_\_  
(Address)  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
(Telephone Number)

Attachment

WHAT CAN YOU DO TO PROTECT YOURSELF AFTER THE MORTGAGE IS PAID OFF?

(j: For current eligible tenants who will not be protected by HUD subsidy or restrictive-use provisions for a minimum of 2 years): You may apply for a letter called a "Letter of Priority Entitlement (LOPE)." You may use the letter to go to the top of all waiting lists of any project FmHA has the mortgage on, anywhere in the country, if you are eligible to live there. You will have up to the date your rent will go up to apply for this letter. You can use it to be placed on waiting lists for 60 days after you receive the letter. If FmHA is now paying part of your rent and if you are eligible for this benefit at the project you are moving to, the Government will continue to help make your rent payment when you move. This letter may also help you get preference in a Housing and Urban Development (HUD) apartment. The letters will be issued in accordance with all Civil Rights requirements.

(k: If tenants are not eligible for LOPES): If you think you will need to move to some place you can afford after the rents can be raised in \_\_\_\_\_, you should give yourself enough time to find a new place to live.

or

Until you voluntarily move, your rent cannot be raised above what the rent would have been, if the owner had kept the FmHA loan. If, at any time, you feel the owner or anyone who buys the project is violating the terms of the agreement with the Government, you should notify the FmHA Office at the address below.

\_\_\_\_\_  
Servicing Official

\_\_\_\_\_  
(Address)  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
(Telephone Number)

(l: If applicable): Attached are lists of:

(1) Other FmHA projects in the area, their addresses, telephone numbers and the size of their apartments.

(2) Other government agencies which have apartments or may be able to help you find another apartment and their telephone numbers.

Guidance/Suggestions for Completing  
FmHA Guide Letter 1965-E-3 and Attachments

a: Enter name of project

b: Date of last notification letter

c: Anticipated date of prepayment

d: What will happen to the particular tenant's rent? If all tenants' rent will remain the same, state that fact (e.g., full-profit project which has already been charging conventional rents). If all tenant's rent will be increased, state that fact. If restrictions will remain, state that rents will continue to vary with income exactly as they do now. If the tenant does not receive RA, state that the rents will continue to vary with income but will never drop below the project's current basic rent (use the actual amount--do not say "basic rent.") In all situations, be as precise as possible. Change the wording as needed to do so.

e: Date the rent will change for the tenant; i.e., the latest of date of prepayment, 6 months from first notice, 60 days from this notice, or date lease expires.

f: Explain the finding which allows this prepayment to comply with the exception. Suggested explanations are shown. However, they are suggested wordings; the explanation should be complete and understandable to the tenants.

g: If the borrower will be signing restrictive-use provisions, explain the provisions fully. Include who is protected by income limit. State the date that the restrictions expire. If the restrictions last for an indefinite period, state the period (e.g., "until you voluntarily move from the project").

h: If the prepayment is being accepted, but HUD, State, or other rental assistance will continue, (h) will be completed. Show who will be paying the rent and how long tenants will be protected.

i: Include any other information the tenant may wish to know so the tenant is completely informed as to what is happening.

j: Include this paragraph if restrictive-use provisions or HUD or other tenant subsidy will not protect rents for a minimum of 2 years. If the tenants are protected until they voluntarily move, this paragraph does not apply.

k: Include this paragraph if all tenants are protected for a minimum of 2 years after prepayment, because of restrictions which last more than 2 years, borrower may not "opt-out" for at least 2 years, or all tenants are protected until they voluntarily move. Reiterate the restriction expiration date.

l: Include for everyone except those protected until they voluntarily move.